

Financial Report

*Advocates for Arts-Based
Education Corporation
d/b/a Lusher Charter School*

June 30, 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 15 2014

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d/b/a Lusher Charter School
New Orleans, Louisiana**

June 30, 2014 and 2013

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to Lusher Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's financial statements, and our report dated September 27, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated September 26, 2014 on our consideration of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 26, 2014.

STATEMENT OF FINANCIAL POSITION

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

June 30, 2014
(with comparative totals for 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 10,771,109	\$ 10,206,743
Grants receivable	239,709	175,579
Prepaid expenses	118,038	101,588
Investments	4,058,804	4,130,705
Other	229,829	160,330
Property and equipment, net	<u>2,452,800</u>	<u>1,623,048</u>
Total assets	<u><u>\$ 17,870,289</u></u>	<u><u>\$ 16,397,993</u></u>
LIABILITIES		
Accounts payable	\$ 85,781	\$ 234,748
Accrued expenses	<u>795,687</u>	<u>794,963</u>
Total liabilities	<u>881,468</u>	<u>1,029,711</u>
NET ASSETS		
Unrestricted	16,640,360	15,049,154
Temporarily restricted	<u>348,461</u>	<u>319,128</u>
Total net assets	<u>16,988,821</u>	<u>15,368,282</u>
Total liabilities and net assets	<u><u>\$ 17,870,289</u></u>	<u><u>\$ 16,397,993</u></u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(with comparative totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Totals</u>	<u>2013 Totals Only</u>
Revenues and Other Support				
Contributions	\$ 21,384	\$ 163,695	\$ 185,079	\$ 130,617
Grants:				
Federal	235,409	-	235,409	401,476
State - Minimum Foundation Program	7,699,352	-	7,699,352	7,143,176
Local - Minimum Foundation Program	8,722,815	-	8,722,815	7,243,068
Other	213,527	-	213,527	55,111
Student activity fees	783,629	-	783,629	1,119,049
Other revenue	740,484	-	740,484	341,811
Investment income	63,053	-	63,053	19,478
Net assets released from restrictions	134,362	(134,362)	-	-
Total revenues and other support	<u>18,614,015</u>	<u>29,333</u>	<u>18,643,348</u>	<u>16,453,786</u>
Expenses				
Administrative fees	551,807	-	551,807	529,586
Depreciation	165,883	-	165,883	167,768
Employee benefits	3,178,566	-	3,178,566	2,883,347
Food services	51,330	-	51,330	50,910
Insurance	188,359	-	188,359	161,160
Other expenses	566,561	-	566,561	600,369
Payroll tax expense	184,977	-	184,977	173,008
Professional services	367,381	-	367,381	304,880
Rent	175,602	-	175,602	158,949
Repairs and maintenance	493,753	-	493,753	686,920
Salaries	9,905,960	-	9,905,960	9,633,941
Supplies:				
School	906,981	-	906,981	764,346
Other	41,507	-	41,507	43,718
Utilities	244,142	-	244,142	220,032
Total expenses	<u>17,022,809</u>	<u>-</u>	<u>17,022,809</u>	<u>16,378,934</u>
Increase in net assets	<u>1,591,206</u>	<u>29,333</u>	<u>1,620,539</u>	<u>74,852</u>
Net Assets				
Beginning of year	<u>15,049,154</u>	<u>319,128</u>	<u>15,368,282</u>	<u>15,293,430</u>
End of year	<u>\$ 16,640,360</u>	<u>\$ 348,461</u>	<u>\$ 16,988,821</u>	<u>\$ 15,368,282</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
 New Orleans, Louisiana

For the year ended June 30, 2014
 (with comparative totals for 2013)

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,620,539	\$ 74,852
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	165,883	167,768
Interest on investment in certificate of deposit (rolled over)	(16,738)	(16,512)
(Increase) decrease in assets:		
Grants receivable	(64,130)	896,781
Prepaid expenses	(16,450)	(22,851)
Other	(69,499)	(49,963)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(148,243)	74,738
Net cash provided by operating activities	<u>1,471,362</u>	<u>1,124,813</u>
Cash Flows From Investing Activities		
Property and equipment purchases	(995,635)	(13,250)
Proceeds from maturities of investments	4,088,639	-
Purchases of investments	(4,000,000)	-
Net cash used in investing activities	<u>(906,996)</u>	<u>(13,250)</u>
Net Increase in Cash	564,366	1,111,563
Cash		
Beginning of year	<u>10,206,743</u>	<u>9,095,180</u>
End of year	<u>\$ 10,771,109</u>	<u>\$ 10,206,743</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

June 30, 2014 and 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the "School"), incorporated on August 24, 2005, is an educational institution organized to improve student learning, to increase learning opportunities for all students, to encourage the use of innovative teaching methods, to be more thoroughly accountable for education results, and to create new professional opportunities for teachers and other school employees.

The Orleans Parish School Board ("OPSB") approved the granting of a charter to the School effective January 1, 2006 for a period ending on December 31, 2011, to operate a Type 3 Charter School, as defined in LA R.S.17:3973(3)(b). On January 18, 2011, the OPSB voted to renew the charter for a period of ten years.

b. Basis of Accounting

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States on the accrual basis of accounting. The Financial Accounting Standards Board ("FASB") is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

c. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified specific use of the contribution.

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

e. Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

f. Promises To Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the years ended June 30, 2014 and 2013, the School did not have outstanding unconditional promises to give.

g. Investments

Investments consist of certificates of deposit stated at cost which approximates fair market value.

h. Property, Equipment, and Depreciation

Additions to physical plant and facilities are capitalized in accordance with the Louisiana Accounting and Uniform Governmental Handbook, which requires the School to capitalize equipment purchases with a cost greater than \$5,000. Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Compensated Absences

All employees accrue ten days of leave each year, of which a maximum of ten days may be carried forward to the following fiscal year. The employee may use the leave days carried forward from the prior year, but will receive no additional compensation. Upon termination, the employee will receive payment for a maximum of twenty days at a per diem rate of \$75. Unused leave over ten days at the end of the fiscal year are paid at the per diem rate. The School accrues leave and related payroll liabilities for all employees who have ten or less leave days at the per diem rate.

j. Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

k. In-Kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support for the years ended June 30, 2014 and 2013 was deemed insignificant.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Financial Statement Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Support, revenues, and expenses for the general operation of the School.

Temporarily Restricted Net Assets - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

m. Tax Matters

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the School has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2014, the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years June 30, 2011 and later remain subject to examination by the taxing authorities.

n. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 26, 2014, which is the date the financial statements were available to be issued.

Note 2 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets as of June 30, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Instructional and other	<u>\$ 348,461</u>	<u>\$ 319,128</u>

The School does not have permanently restricted net assets as of June 30, 2014 and 2013.

Note 3 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
Site improvements	\$ 881,937	\$ 17,695
Building improvements	1,537,069	1,524,015
Equipment	<u>1,544,357</u>	<u>1,426,017</u>
	3,963,363	2,967,727
Less accumulated depreciation	<u>(1,510,563)</u>	<u>(1,344,679)</u>
Total	<u>\$ 2,452,800</u>	<u>\$ 1,623,048</u>

Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$165,883 and \$167,768, respectively.

Note 4 - LEASES

On August 10, 2010, the School entered into a facility use agreement with Jewish Community Center ("JCC"), a Louisiana not-for-profit corporation, whereby JCC granted the School the exclusive use of certain rooms at its facility. The terms of the agreement are for the period from August 6, 2010 through May 24, 2014. Rent expense for the years ended June 30, 2014 and 2013 totaled \$175,602 and \$158,949, respectively. The lease was terminated in May 24, 2014.

Note 4 - LEASES (Continued)

On May 28, 2014, the School entered into a lease agreement for six modular buildings to be used as classrooms on the Willow Street Campus. The lease term is for 36 months beginning at delivery with rental payments due each month of \$4,850. The original delivery date was scheduled for July 15, 2014; however, the vendor did not deliver the modular buildings until September 2014. The lease term was shortened to reflect the late delivery. Future minimum lease payments relating to the lease are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2015	\$ 48,500
2016	58,200
2017	<u>55,775</u>
Total	<u>\$ 162,475</u>

Note 5 - RETIREMENT PLAN

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana ("TRSL"). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll; the School was required to contribute 27.2% and 24.5% respectively, of the annual covered payroll of each participating employee for the years ended June 30, 2014 and 2013. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2014 and 2013, School contributions to this plan totaled \$2,458,562 and \$2,234,970 respectively.

Note 5 - RETIREMENT PLAN (Continued)

The School sponsors deferred compensation plans pursuant to Sections 403(b) and 457(b) and (f) of the Internal Revenue Code for the benefit of its employees. The School's contributions to the 457(b) plans totaled \$17,590 and \$17,118 for the years ended June 30, 2014 and 2013, respectively. These funds are transferred to separate trusts outside the control of the School with the employees as the beneficiary. No contributions were made by the School to the 403(b) plan for either year.

Note 6 - GRANTS

The United States Department of Education passed through a grant to OPSB, which was awarded to the School as a subrecipient, to provide funding to improve education in areas affected by Hurricanes Katrina, Ike, or Gustav through such activities as replacing instructional materials and equipment, paying teacher incentives; constructing, modernizing or renovating school buildings, and supporting after-school or extended learning time activities. For the year ended June 30, 2013, the School recognized revenue under this grant of \$82,269. No revenue was recognized during the year ended June 30, 2014.

The United States Department of Education passed through a grant to OPSB, which was awarded to the School as a subrecipient, to increase academic achievement through strategies such as improving teacher and principal quality and increase the number of highly qualified teachers, principals, and assistant principals. The grant funds must be used to assist schools in effectively recruiting and retaining highly qualified teachers; to make available professional development activities that address subject matter knowledge, and other activities. For the years ended June 30, 2014 and 2013, the School recognized revenue under this grant of \$99,879 and \$206,712, respectively.

The United States Department of Education passed through a grant to OPSB, which was awarded to the School as a subrecipient, to assist meeting the costs of providing special education and related services to children with disabilities. The grant funds must be used to provide special education and related services to eligible children. For the years ended June 30, 2014 and 2013, the School recognized revenue under this grant of \$135,530 and \$84,665, respectively.

The United States Department of Education passed through a grant to OPSB, which was awarded to the School as a subrecipient, to provide funding to help recruit, retain, and compensate educators who commit to work for at least three years in an area in which a major disaster area was declared as a result of Hurricane Katrina or Hurricane Rita. For the year ended June 30, 2013, the School recognized revenue under this grant of \$27,830. No revenue was recognized during the year ended June 30, 2014.

Note 6 - GRANTS (Continued)

OPSB provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the years ended June 30, 2014 and 2013, the School recognized revenue under this grant of \$8,722,815 and \$7,243,068, respectively.

The State of Louisiana provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the years ended June 30, 2014 and 2013, the School recognized revenue under this grant of \$7,699,352 and \$7,143,176, respectively.

The State of Louisiana provides funding to OPSB, which was awarded to the School as a subrecipient, to provide instructional enhancements for students. For the years ended June 30, 2014 and 2013, the School recognized revenue under this grant of \$38,721 and \$39,631, respectively. These amounts are reported in Grants - Other on the Statement of Activities.

Note 7 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- *Certificates of Deposit:* Valued at cost which approximates the market price. These are included in Level 1 of the fair value hierarchy.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2014 and 2013, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Fair Value As of June 30, 2014	Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	\$ 4,058,804	\$ 4,058,804	\$ -	\$ -

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

Description	Fair Value As of June 30, 2013	Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	\$ 4,130,705	\$ 4,130,705	\$ -	\$ -

As of June 30, 2014 and 2013, there were no assets measured at fair value on a non-recurring basis.

Note 8 - SCHOOL OPERATIONS/LEASEHOLD INTEREST

Effective January 1, 2006, the School entered into an agreement with OPSB, which allows the School to use the facilities and its contents located at 7315 Willow Street, 5624 Freret Street, 719 S. Carrollton Avenue (no longer utilized by the School), or any other locations as may be approved by the School and OPSB. The agreement was scheduled to expire on December 31, 2011. In June 2011, this agreement was renewed by OPSB for an additional ten years expiring on June 30, 2021.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules. If capital improvements are made by the School with non-public funds to any site which it operates and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to OPSB at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

Use of the property is not recorded as an in-kind contribution from OPSB and related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 9 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported on the Statement of Activities by natural classification. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense and fundraising expense) based on management's estimate of periodic time and expense evaluations. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Total expenses for the years ended June 30, 2014 and 2013 are allocated as follows:

	<u>2014</u>	<u>2013</u>
Program services	\$ 16,226,665	\$ 15,541,524
Supporting services:		
Management and general	704,055	792,915
Fundraising	<u>92,089</u>	<u>44,495</u>
Total expenses	<u>\$ 17,022,809</u>	<u>\$ 16,378,934</u>

Note 10 - COMMITMENTS

The School has employment contracts as is standard in the field of education with most of its teachers and which expire June 30, 2015. Additionally, the School has an employment contract with one member of management through June 30, 2015. All contracts provide for a minimum annual salary and other benefits. As of June 30, 2014, the total commitment for the employment contract for the member of management ending on June 30, 2015 was \$235,922 for salary and \$23,592 for contributions to the deferred compensation plan.

- On August 1, 2007, the School entered into a contract for athletic training and physical therapy services with hours not to exceed thirty hours per week. Payments under this contract approximate \$2,000 per month for ten consecutive months, commencing on September 1st of each applicable year. The agreement was scheduled to expire on July 31, 2012. In March 2012, this agreement was extended for an additional five years expiring on July 31, 2017.

On January 11, 2010, the School entered into a contract for custodial services. Payments are \$22,121 per month with a potential annual inflation adjustment each July 1st. The potential adjustment is based on a percentage equal to the Consumer Price Index, National Average, averaged for the prior twelve month period. The contractor has not yet invoked the price increase. The contract was renewed for two years in January 2013 and expires in January 2015.

Note 10 - COMMITMENTS (Continued)

On May 28, 2014 the School entered into a contract for the site preparation, placement, installation, and removal at the end of the lease period, of leased modular buildings at the Willow Street Campus (see Note 4). Payments under this contract approximate \$130,000 for the site preparations, placement, and installation of the modular buildings in July through September of 2014 with an additional \$15,000 for the removal of the modular buildings in 2017.

Note 11 - RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the years ended June 30, 2014 and 2013.

Note 12 - CONCENTRATIONS OF RISK

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the years ended June 30, 2014 and 2013 which totaled \$16,871,103 and \$14,842,831, or 91% and 90% of total revenue for each fiscal year, respectively.

All of the students of the School live in the Greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a written policy for custodial credit risk. As of June 30, 2014, the School's bank balances, including certificates of deposits, were approximately \$14,939,000. Balances insured by the Federal Deposit Insurance Corporation, which covers up to \$250,000 per financial institution, totaled \$542,000. The remaining deposits of \$14,397,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School's name.

Note 12 - CONCENTRATIONS OF RISK (Continued)

As of June 30, 2014, cash and certificates of deposit were adequately collateralized by securities held by unaffiliated banks for the account of the School. FASB ASC 825 considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) (the "School") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated September 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
September 26, 2014.

SCHEDULE OF FINDINGS AND RESPONSES

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

The School did not expend more than \$500,000 in federal awards during the year ended June 30, 2014, and therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2014.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2014.

Section III - Federal Award Findings and Questioned Costs

Internal Control / Compliance

The School did not expend more than \$500,000 in federal awards during the year ended June 30, 2014, and therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

REPORTS BY MANAGEMENT

**SCHEDULE OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS**

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2013 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2013 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The School did not expend more than \$500,000 in federal awards during the year ended June 30, 2013, and therefore, was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2013.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2014 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2014 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The School did not expend more than \$500,000 in federal awards during the year ended June 30, 2014, and therefore, was exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2014.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:524 - PERFORMANCE AND STATISTICAL DATA)
(UNAUDITED)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

To the Board of Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the "School") and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School for the year ended June 30, 2014 and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. Management of the School is responsible for its performance and statistical data. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accounts and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
(Schedule 1)

- 1) We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenses were classified correctly and were reported in the proper amounts for each of the categories reported on Schedule 1.

No exceptions were noted.

Education Levels of Public School Staff (Schedule 2)

- 2) We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public School Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to the School's supporting payroll records as of October 1, 2013.

No exceptions were noted.

- 3) We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public School Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of principals and assistant principals per this schedule.

No exceptions were noted.

- 4) We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2013, and as reported on this schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined the individual's education level was properly classified on this schedule.

No exceptions were noted.

Number and Type of Public Schools (Schedule 3)

- 5) We obtained a list of schools by type as reported on Schedule 3. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA #84.010) application.

No exceptions were noted.

Experience of Public School Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

- 6) We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2013, and as reported on this schedule. We traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience is properly classified on this schedule.

No exceptions were noted.

Public School Staff Data: Average Salaries (Schedule 5)

- 7) We obtained a list of all classroom teachers including their base salaries, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent which was used to compute average salaries on the schedule. We traced a random sample of 25 teachers' salaries to the individual's personnel file to determine if the individual's salary, extra compensation, and full-time equivalents are properly included on the list.

No exceptions were noted.

- 8) We recalculated the average salaries and full-time equivalents reported in this schedule.

No exceptions were noted.

Class Size Characteristics (Schedule 6)

- 9) We obtained a list of classes by school, school type, and class size as reported on this schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We traced a random sample of 10 classes to the October 1, 2013 roll books for those classes and determined if the class is properly classified on this schedule.

No exceptions were noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

- 10) We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in this schedule by the School.

No exceptions were noted.

Graduation Exit Exam (GEE) (Schedule 8)

- 11) We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in this schedule by the School.

No exceptions were noted.

Iowa and iLeap Tests (Schedule 9)

- 12) We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in this schedule by the School.

No exceptions were noted.

We are not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the School, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, Louisiana,
September 26, 2014.

**GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

General Fund Instructional and Equipment Expenditures

Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 6,045,075
Other Instructional Staff Salaries	481,997
Instructional Staff Employee Benefits	2,329,247
Purchased Professional and Technical Services	109,721
Instructional Materials and Supplies	695,746
Instructional Equipment	<u>5,000</u>

Total Teacher and Student Interaction Activities \$ 9,666,786

Other Instructional Activities 289,023

Pupil Support Services 783,139

Less: Equipment for Pupil Support Services -

Net Pupil Support Services 783,139

Instructional Staff Services 799,205

Less: Equipment for Instructional Staff Services -

Net Instructional Staff Services 799,205

School Administration 1,535,131

Less: Equipment for School Administration (165,883)

Net School Administration 1,369,248

Total General Fund Instructional Expenditures \$ 12,907,401

Total General Fund Equipment Expenditures \$ 170,883

**Schedule 1
(Continued)**

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes	-
Other than School Taxes	-
Sales and Use Taxes	-

Total Local Taxation Revenue	\$ -
------------------------------	------

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property	\$ -
---	------

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-

Total State Revenue in Lieu of Taxes	\$ -
--------------------------------------	------

Nonpublic Textbook Revenue	\$ -
----------------------------	------

Nonpublic Transportation Revenue	\$ -
----------------------------------	------

EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	2	-	-	-	-	-	-
Bachelor's Degree	47	43	2	67	-	-	-	-
Master's Degree	52	47	1	33	4	80	-	-
Master's Degree + 30	5	4	-	-	1	20	-	-
Specialist in Education	1	1	-	-	-	-	-	-
Ph. D. or Ed. D.	3	3	-	-	-	-	-	-
Total	<u>110</u>	<u>100</u>	<u>3</u>	<u>100</u>	<u>5</u>	<u>100</u>	<u>-</u>	<u>-</u>

NUMBER AND TYPE OF PUBLIC SCHOOLS

Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
 New Orleans, Louisiana

For the year ended June 30, 2014
 (Unaudited)

<u>Type</u>	<u>Number</u>
Elementary	-
Middle/Jr. High	-
Secondary	-
Combination	<u>1</u>
Total	<u><u>1</u></u>

**EXPERIENCE OF PUBLIC SCHOOL PRINCIPALS, ASSISTANT
PRINCIPALS, AND FULL TIME CLASSROOM TEACHERS**

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

	<u>0-1 Yr.</u>	<u>2-3 Yrs.</u>	<u>4-10 Yrs.</u>	<u>11-14 Yrs.</u>	<u>15-19 Yrs.</u>	<u>20-24 Yrs.</u>	<u>25+ Yrs.</u>	<u>Total</u>
Principals	-	-	-	-	1	1	3	5
Classroom Teachers	<u>5</u>	<u>7</u>	<u>46</u>	<u>22</u>	<u>12</u>	<u>10</u>	<u>11</u>	<u>113</u>
Total	<u><u>5</u></u>	<u><u>7</u></u>	<u><u>46</u></u>	<u><u>22</u></u>	<u><u>13</u></u>	<u><u>11</u></u>	<u><u>14</u></u>	<u><u>118</u></u>

PUBLIC SCHOOL STAFF DATA: AVERAGE SALARIES

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</u>
Average Classroom Teachers Salary Including Extra Compensation	<u>\$ 51,522</u>	<u>\$ 51,043</u>
Average Classroom Teachers Salary Excluding Extra Compensation	<u>\$ 48,112</u>	<u>\$ 47,701</u>
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	<u>115</u>	<u>111</u>

CLASS SIZE CHARACTERISTICS

Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
 New Orleans, Louisiana

As of October 1, 2013
 (Unaudited)

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	207	82	220	89	33	63	-	-
Combination Activity Classes	46	18	28	11	19	37	-	-
Totals	253	100	248	100	52	100	-	-

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

School Achievement Level Results		English Language Arts					
Students	2014		2013		2012		
	Number	Percent	Number	Percent	Number	Percent	
Grade 4							
Advanced	54	51	40	37	53	46	
Mastery	42	39	49	46	43	37	
Basic	11	10	18	17	18	16	
Approaching Basic	-	-	-	-	1	1	
Unsatisfactory	-	-	-	-	-	-	
Total	107	100	107	100	115	100	

<u>School Achievement Level Results</u>		<u>Mathematics</u>					
		<u>2014</u>		<u>2013</u>		<u>2012</u>	
<u>Students</u>		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Grade 4							
Advanced		46	43	37	35	42	36
Mastery		43	40	57	53	52	45
Basic		16	15	13	12	19	17
Approaching Basic		2	2	-	-	2	2
Unsatisfactory		-	-	-	-	-	-
Total		107	100	107	100	115	100

School Achievement Level Results		Science					
Students	2014		2013		2012		
	Number	Percent	Number	Percent	Number	Percent	
Grade 4							
Advanced	38	36	34	32	47	41	
Mastery	43	40	44	41	50	44	
Basic	26	24	28	26	14	12	
Approaching Basic	-	-	1	1	4	3	
Unsatisfactory	-	-	-	-	-	-	
Total	107	100	107	100	115	100	

**Schedule 7
(Continued)**

School Achievement Level Results

Students	Social Studies					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	13	12	22	20	19	17
Mastery	58	54	52	49	67	58
Basic	36	34	33	31	27	23
Approaching Basic	-	-	-	-	2	2
Unsatisfactory	-	-	-	-	-	-
Total	107	100	107	100	115	100

School Achievement Level Results

Students	English Language Arts					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	58	34	73	42	54	30
Mastery	97	56	66	38	86	48
Basic	17	10	33	19	33	19
Approaching Basic	-	-	1	1	3	2
Unsatisfactory	-	-	-	-	1	1
Total	172	100	173	100	177	100

School Achievement Level Results

Students	Mathematics					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	95	55	72	42	60	34
Mastery	41	24	44	25	36	20
Basic	36	21	55	32	74	42
Approaching Basic	-	-	2	1	5	3
Unsatisfactory	-	-	-	-	2	1
Total	172	100	173	100	177	100

**Schedule 7
(Continued)**

School Achievement Level Results

Students	Science					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	32	19	48	28	54	31
Mastery	102	59	89	51	83	48
Basic	36	21	32	19	32	18
Approaching Basic	2	1	4	2	5	3
Unsatisfactory	-	-	-	-	-	-
Total	172	100	173	100	174	100

School Achievement Level Results

Students	Social Studies					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	37	22	59	34	51	29
Mastery	108	62	80	46	82	47
Basic	27	16	33	19	41	24
Approaching Basic	-	-	1	1	-	-
Unsatisfactory	-	-	-	-	-	-
Total	172	100	173	100	174	100

GRADUATION EXIT EXAMINATION (GEE)

Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
 New Orleans, Louisiana

For the year ended June 30, 2014
 (Unaudited)

School Achievement Level Results		English Language Arts					
Students	2014		2013		2012		
	Number	Percent	Number	Percent	Number	Percent	
Grade 10							
Advanced	-	-	-	-	-	-	
Mastery	-	-	-	-	-	-	
Basic	-	-	-	-	-	-	
Approaching Basic	-	-	-	-	-	-	
Unsatisfactory	-	-	-	-	-	-	
Total	-	-	-	-	-	-	

School Achievement Level Results		Mathematics					
Students	2014		2013		2012		
	Number	Percent	Number	Percent	Number	Percent	
Grade 10							
Advanced	-	-	-	-	-	-	
Mastery	-	-	-	-	-	-	
Basic	-	-	-	-	-	-	
Approaching Basic	-	-	-	-	-	-	
Unsatisfactory	-	-	-	-	-	-	
Total	-	-	-	-	-	-	

School Achievement Level Results		Science					
Students	2014		2013		2012		
	Number	Percent	Number	Percent	Number	Percent	
Grade 11							
Advanced	-	-	-	-	24	20	
Mastery	-	-	-	-	50	43	
Basic	-	-	-	-	41	35	
Approaching Basic	-	-	-	-	1	1	
Unsatisfactory	-	-	-	-	1	1	
Total	-	-	-	-	117	100	

**Schedule 8
(Continued)**

School Achievement Level Results	Social Studies					
	2014		2013		2012	
	Number	Percent	Number	Percent	Number	Percent
Grade 11						
Advanced	-	-	-	-	11	9
Mastery	-	-	-	-	55	47
Basic	-	-	-	-	50	43
Approaching Basic	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	1	1
Total	-	-	-	-	117	100

IOWA AND /LEAP TESTS

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2014
(Unaudited)

iLEAP TESTS:

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	39	35	66	59	46	41	11	10
Mastery	60	53	37	33	53	47	79	70
Basic	12	11	9	8	13	12	21	19
Approaching Basic	1	1	-	-	-	-	1	1
Unsatisfactory	-	-	-	-	-	-	-	-
Total	112	100	112	100	112	100	112	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	32	27	45	38	31	26	37	32
Mastery	54	46	45	38	57	49	58	49
Basic	31	27	26	23	28	24	22	19
Approaching Basic	-	-	1	1	1	1	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	117	100	117	100	117	100	117	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	45	30	85	57	43	29	92	62
Mastery	74	50	48	33	71	48	42	28
Basic	28	19	15	10	31	21	13	9
Approaching Basic	1	1	-	-	3	2	1	1
Unsatisfactory	-	-	-	-	-	-	-	-
Total	148	100	148	100	148	100	148	100

**Schedule 9
(Continued)**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	65	43	83	55	41	27	61	40
Mastery	50	33	36	24	67	44	61	40
Basic	34	23	32	21	39	26	25	17
Approaching Basic	2	1	-	-	4	3	3	2
Unsatisfactory	-	-	-	-	-	-	1	1
Total	151	100	151	100	151	100	151	100

School Achievement Level Results	English Language Arts		Mathematics	
	2012		2012	
	Number	Percent	Number	Percent
Grade 9				
Advanced	-	-	-	-
Mastery	-	-	-	-
Basic	-	-	-	-
Approaching Basic	-	-	-	-
Unsatisfactory	-	-	-	-
Total	-	-	-	-

Please note that the grade 9 iLEAP has been dropped by the Department of Education, everything at that level was moved to end of course testing.

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	49	45	56	51	32	29	33	30
Mastery	41	38	35	32	57	52	58	53
Basic	19	17	18	17	20	19	18	17
Approaching Basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	109	100	109	100	109	100	109	100

**Schedule 9
(Continued)**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	51	45	43	38	28	25	42	37
Mastery	47	41	46	40	70	61	39	34
Basic	16	14	25	22	16	14	33	29
Approaching Basic	-	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	114	100	114	100	114	100	114	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	54	36	76	51	37	25	115	77
Mastery	66	44	46	31	75	50	25	17
Basic	28	19	27	18	35	23	9	6
Approaching Basic	1	1	-	-	2	2	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	149	100	149	100	149	100	149	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	74	49	69	45	36	24	40	26
Mastery	58	38	63	42	78	51	83	55
Basic	20	13	20	13	37	24	28	18
Approaching Basic	-	-	-	-	1	1	1	1
Unsatisfactory	-	-	-	-	-	-	-	-
Total	152	100	152	100	152	100	152	100

**Schedule 9
(Continued)**

School Achievement Level Results	English Language Arts		Mathematics	
	2013		2013	
	Number	Percent	Number	Percent
Grade 9				
Advanced	-	-	-	-
Mastery	-	-	-	-
Basic	-	-	-	-
Approaching Basic	-	-	-	-
Unsatisfactory	-	-	-	-
Total	-	-	-	-

Please note that the grade 9 iLEAP has been dropped by the Department of Education, everything at that level was moved to end of course testing.

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	48	32	73	50	46	31	28	19
Mastery	72	49	41	28	62	42	77	53
Basic	26	18	33	22	35	24	40	27
Approaching Basic	1	1	-	-	4	3	2	1
Unsatisfactory	-	-	-	-	-	-	-	-
Total	147	100	147	100	147	100	147	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	39	36	39	36	41	38	43	40
Mastery	50	47	35	33	47	44	42	39
Basic	18	17	33	31	19	18	21	20
Approaching Basic	-	-	-	-	-	-	1	1
Unsatisfactory	-	-	-	-	-	-	-	-
Total	107	100	107	100	107	100	107	100

**Schedule 9
(Continued)**

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	51	34	103	69	40	27	79	53
Mastery	76	51	31	20	83	55	46	31
Basic	22	15	16	11	27	18	25	16
Approaching Basic	1	-	-	-	-	-	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	150	100	150	100	150	100	150	100

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	87	57	105	69	60	39	96	63
Mastery	49	32	29	19	77	50	36	24
Basic	17	11	19	12	15	10	21	13
Approaching Basic	-	-	-	-	1	1	-	-
Unsatisfactory	-	-	-	-	-	-	-	-
Total	153	100	153	100	153	100	153	100

School Achievement Level Results	English Language Arts		Mathematics	
	2014		2014	
	Number	Percent	Number	Percent
Grade 9				
Advanced	-	-	-	-
Mastery	-	-	-	-
Basic	-	-	-	-
Approaching Basic	-	-	-	-
Unsatisfactory	-	-	-	-
Total	-	-	-	-

Please note that the grade 9 iLEAP has been dropped by the Department of Education, everything at that level was moved to end of course testing.